



# Department of Justice

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FOR IMMEDIATE RELEASE  
FRIDAY, JUNE 10, 1994

AT  
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WASHINGTON, D.C. -- The Department of Justice's Antitrust Division and the United States Attorney's office for the Northern District of Iowa filed suit today to block the creation of a hospital monopoly in the Dubuque, Iowa area. The government said that such a merger would likely lead to higher prices and lower quality services for consumers.

The civil antitrust suit was filed against Mercy Health Services and Finley Tri-States Health Group, Inc., to prevent them from merging Mercy Health Center and The Finley Hospital.

In announcing the Department's opposition to the proposed merger, Assistant Attorney General Anne K. Bingaman, head of the Antitrust Division, said, "The cost of this loss of competition to the Dubuque community dwarfs any possible savings that could be achieved by the merger -- assuming that the hospital would choose to pass on any such savings to consumers."

"If the proposed consolidation were to occur, the combined hospitals would have a monopoly over acute care inpatient hospital services in and around Dubuque," said U.S. Attorney Stephen J. Rapp. "Mercy and Finley are each other's only

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competitors for those services within the county of Dubuque and are the two largest hospitals within a 70 mile driving distance of Dubuque."

The Department has recently taken similar action to prevent hospital monopolies in Rockford, Illinois and in the Tampa, Florida area.

Both Mercy, a 422 bed licensed acute care hospital, and Finley with 141 beds, are financially sound. In 1993 Mercy and Finley had total net inpatient revenues of approximately \$75 million. Finley has been credited by health care consulting firms with being one of the 25 most efficient hospitals with fewer than 250 beds in the United States.

"The merger would create a monopoly provider of general acute care hospital services, reducing competition among hospitals. Such competition has been instrumental in enabling managed care plans to fight the war on escalating hospital costs. Competition is the best way to ensure that we contain spiraling health care costs," Bingaman added.

Bingaman said that this antitrust prosecution was brought only after the Antitrust Division "had conducted an extensive investigation, during which it interviewed numerous members of the Dubuque community, including health care purchasers, employers, labor unions, physicians and hospital administrators." She added that "the Division's investigation found substantial

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concern that the merger would lead to higher prices for hospital services in Dubuque."

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